

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6256**

**BILL NUMBER:** HB 1024

**NOTE PREPARED:** Feb 12, 2009

**BILL AMENDED:** Feb 12, 2009

**SUBJECT:** Family Leave for Smaller Employers.

**FIRST AUTHOR:** Rep. Day

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill allows an employee who works for an employer that employs at least 20 employees but not more than 49 employees to take up to six work weeks of unpaid family leave to be with the employee's child or spouse for prenatal preparations or for the birth, adoption, serious illness, or injury of the employee's child, or the illness or injury of the employee's parent or spouse.

The bill provides that an employee must work at least 30 hours per week to be eligible for family leave. It provides that an employer is not required to grant family leave to an employee who is among the highest paid 10% of employees. The bill requires an employer to notify an employee of the denial of family leave. It also protects an employee's employment and benefit rights.

The bill requires the Commissioner of Labor to enforce these provisions.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** This bill would entitle certain employees of businesses or institutions that have between 20 and 49 employees to unpaid family leave for specified periods of time during any 12-month period. Employees on family leave would retain their work status and insurance benefits.

For the first quarter of 2008, 14,403 employers would be affected by this bill and approximately 438,021 employees with wages of about \$3.56 B would become eligible for the family leave benefit. (Federal law covers most businesses with more than 50 employees, as well as public agencies, including schools and state, local, and federal employers.)

The Department of Labor (DOL) would have the responsibility of enforcing this bill, including investigation and adjudication of any complaints. In order to investigate the additional complaints, it is estimated that DOL might need to hire three investigators and one administrative assistant. The estimated cost of salaries, fringe benefits, and indirect costs could be about \$215,800, depending on investigative workload and administrative decisions as to personnel requirements.

If the Department needs to litigate any of the additional complaints, the Department could also incur fees associated with the contracting of an administrative law judge.

In addition to the staffing requirements above, the DOL might also require a vehicle to facilitate investigations, at an estimated cost of \$20,000.

The bill does not contain an appropriation. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The Department of Labor reverted \$474,696 to the state General Fund in FY 2008. According to the state personnel report, the Department had 8 vacancies worth \$262,340 as of November 24, 2008. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

**Explanation of State Revenues:** Violation of the family leave law carries a \$1,000 civil penalty. Any penalty collected would be deposited into the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Department of Labor.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.